DECEMBER 09, 2003
VOL. 06 NO. 49

USDA

INTERNATIONAL EGG AND POULTRY REVIEW

ISSN 1522-5100

U. S. Department of Agriculture   Agricultural Marketing Service   Poultry Programs   Market News Branch

Growth in the poultry sector stalls, prices stumble

Poultry markets in 2003 are characterized by the slowest output growth in over 30 years because of low prices, disease and weather problems, increased non-tariff trade barriers among importing countries and heightened competition among exporting countries. Lower poultry meat prices going into 2003 have translated into world production of 75.2 million tons in 2003 with output gains of less than 2 percent, only one-half the level during the period from 1995 to 2002. While poultry output in the U.S., the largest poultry exporter, is up marginally, adverse weather in the EU combined with disease-related losses in the Netherlands are estimated to have led to a decline in EU production of nearly 4 percent. Meanwhile, developing country output gains, at 3 percent, are expanding by less than one-half the level in 2002. Factors affecting this slower growth include reduced profitability in South America, where feed costs increased in the first half of the year, and the impact of SARS in Asia, which had a dampening effect on poultry consumption and prices. However, a recovery in Asian poultry consumption and prices has been prompting late-year output gains in Thailand and China, the region's largest producers and exporters. In India, which is now exporting frozen whole birds to the Middle East, higher product prices and continued investment in industry capacity and productivity are expected to support output gains of 14 percent.

World Meat Exports, thousand tons 1/

	2002	2003 forecast	2004 prelim
World	18,773	18,930	19,578
Poultry meat	7,870	7,871	8,104
Pig meat	4,061	4,079	4,122
Bovine meat	5,876	5,991	6,338
Sheep meat and goat meat	721	700	723
Other meat	283	289	289

Note: Total computed from unrounded data. 1/ Includes meat (fresh, chilled, frozen prepared and canned) in carcass weight equivalent; excludes live animals, offals and EU intra-trade.

The imposition of country-specific quotas in the Russian Federation, the outbreak of SARS and subsequent economic impact in Asia, and market closures due to the outbreak of Avian Flu in numerous countries are leading to the second year of sluggish growth in the global poultry market. Poultry trade has been estimated at 7.9 million tons for 2003, which means that the level has remained unchanged since 2002, a considerable reversal from the past five years when 7 percent annual poultry gains considerably surpassed those of other meats. Sluggish consumer demand is lowering imports by China, Japan and the Republic of Korea; market access to China has further been complicated by administrative problems in obtaining import permits. The imposition of poultry quotas in the Russian Federation, the world's largest poultry importer (nearly 60 percent of consumption is import-derived), is leading to an estimated 20 percent drop in imports and reports of domestic prices rising by 28–90 percent, depending on the cut, during the April–September period. In Europe, where prices are rising in the context of decreasing supplies, imports are expected to be up despite the closure of a tariff loophole in August which should slow the pace of year-end imports.

Limited export supply availability in developed countries, particularly in the United States and Europe, is eroding their already declining share of global exports, estimated at 47 percent in 2003, down from 64 percent in 1999. Meanwhile, relatively low production costs in Brazil and a favorable currency are prompting 8 percent trade gains there, while their Asian rival, Thailand, continues to expand exports of processed poultry products to Japan and the EU.

World Meat Production, million tons

	2002	2003 est.	2004 prelim
World Total	245.9	249.1	253.1
Poultry meat	73.8	75.2	77.3
Pig meat	94.3	95.8	97.3
Bovine meat	61.6	61.9	62.1
Sheep & goat meat	11.6	11.7	11.9
Other meat	4.5	4.5	4.6
Developing Countries	138.2	141.5	145.0
Poultry meat	39.5	40.6	42.0
Pig meat	56.3	57.5	58.6
Bovine meat	31.2	32.1	32.8
Sheep & goat meat	8.3	8.5	8.6
Other meat	2.9	2.9	2.9
Developed Countries	107.6	107.5	108.1
Poultry meat	34.3	34.5	35.2
Pig meat	38.0	38.3	38.7
Bovine meat	30.4	29.8	29.3
Sheep & goat meat	3.3	3.2	3.2
Other meat	1.6	1.7	1.7

Note: Total computed from unrounded data.

Meat Prospects in 2004

Continued short-term price recovery will likely prompt a slight rebound in production in 2004, with global meat output anticipated to increase 2 percent to 253.1 million tonnes. The low supply growth that characterized the poultry and pigmeat markets in 2003 is projected to abate as stronger economic prospects in both developed and developing countries strengthen demand for meat. However, the anticipated growth in pigmeat and poultry output will not be matched in the beef sector as herd rebuilding starts in the United States and Oceania. The tighter supplies typically associated with herd rebuilding are anticipated to limit their export potential; growth in beef supply availabilities is expected to come from developing countries.

The influence of trade-restricting measures in Japan and Russia, two of the major meat importing countries, will persist in 2004 because it is anticipated that both countries will maintain restrictive tariffs and TRQs. However, overall meat trade is expected to grow 3 percent, supported by strong import demand from the U.S. as its meat supplies decline and a rising Asian demand for pigmeat and poultry, particularly in China. Continued tightened supplies of beef, combined with a recovery in trade, are likely to maintain upward pressure on beef prices in 2004. Some stabilization is expected for pigmeat and poultry meat in the context of higher production.

Source: FAO

Inspected Egg Products-U.S. & Canada Export/Import Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Week Ending November 29, 2003	2003	2002/1	Year-To-Date 2003	2002
Liquid	358	510	16,171	19,278
Frozen	0	0	96	21
Dried	40	0	559	763
Total	398	510	16,826	20,062

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending November 29, 2003	2003	2002/1	Year-To-Date 2003	2002
Liquid	90	60	5,354	5,884
Frozen	57	9	3,597	3,158
Dried	0	80	1,220	4,963
Total	147	149	10,171	14,005

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)

Week Ending November 29, 2003	2003	2002 /1	Year-To-Date 2003	2002
Jumbo	50	33	504	1,573
Extra Large	1,970	1,020	34,668	47,692
Large	2,848	2,470	128,672	140,287
Medium	3,200	778	63,822	48,097
Ungraded	4,500	12,780	177,522	337,925
Misc	0	0	14,642	14,017
Total	12,568	17,081	419,830	589,591

Comparable Week, to-date figures may not total due to rounding.

Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 29-Nov-03

(PRELIMINARY)

U.S. FOWL SLAUGHTERED DOMESTICALLY

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	668	897	1,565
LAST WEEK	1,097	1,427	2,524
SAME WEEK YR AGO	1,223	1,010	2,233
TO-DATE/2003	67,859	67,073	134,932
TO-DATE/2002	83,123	67,928	151,051

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	0	0	0
LAST WEEK	34	0	34
SAME WEEK YR AGO	235	7	242
TO-DATE/2003	10,200	141	10,341
TO-DATE/2002	14,491	290	14,781

SOURCE: AGRICULTURE CANADA, PLTRY DEVELOPMENT DIV.

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
HEAD	668	897	1,565
LAST WEEK	1,131	1,427	2,558
SAME WEEK YR AGO	1,458	1,017	2,475
TO-DATE/2003	78,059	67,214	145,273
TO-DATE/2002	97,614	68,218	165,832

SOURCE: USDA/AMS PLTRY PROGRAMS, MARKET NEWS BR.

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

05-DEC-2003

CHICKEN —— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

—— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	22.00	13.00-17.00	123,800	-
WTD AVERAGE	22.00	15.68		
15-20%				
RANGE	15.00-20.00	10.50-15.00	1,588,800	1,134,400
WTD AVERAGE	15.23	11.94		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

05-DEC-2003

CHICKEN —— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

—— PRICES (Cents per Pound) ———— VOLUME ——

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	16.00-17.50	18.00	452,100	370,000
WTD AVERAGE	16.15	18.00		
15-20%				
RANGE	20.00-21.00	11.00-17.00	1,284,000	468,000
WTD AVERAGE	20.56	12.51		
20% OR MORE				
RANGE	-	11.00	41,000	-
WTD AVERAGE		11.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 5 DECEMBER 2003.

Domestic trading of parts centered on tom drums and mechanically separated turkey balance light. Export trading active on tom drums and thigh meat to Mexico, balance very light. Domestic demand mixed. Demand from the export area fairly good from Mexico, while other areas showing limited interest to purchase product without a discount. Multiple loads of fresh tom drums delivered to Mexico at mostly 41 cents.

FRIDAY, DECEMBER 05, 2003

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	41.00-43.00		41.67	360	42.03	594
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS						
MECHANICALLY SEPARATED 2/	16.00		16.00	80	16.33	120
THIGH MEAT - FROZEN	86.00-89.00		87.00	240	83.78	402

THURSDAY, DECEMBER 04, 2003

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		W	42.60	134
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECHANICALLY SEPARATED 2/		W	17.00	40
THIGH MEAT - FROZEN		T	79.00	162

WEDNESDAY, DECEMBER 03, 2003

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	42.00-43.00		42.60	134
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECHANICALLY SEPARATED 2/	17.00		17.00	40
THIGH MEAT - FROZEN		T	79.00	162

TUESDAY, DECEMBER 02, 2003

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	42.00-43.50		42.60	100
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECHANICALLY SEPARATED 2/		F	16.54	196
THIGH MEAT - FROZEN	79.00		79.00	162

MONDAY, DECEMBER 01, 2003

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS				
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECHANICALLY SEPARATED 2/		F	16.54	196
THIGH MEAT - FROZEN		F	87.00	40

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
2/ Product contains 15-20% fat with skin added.

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